GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:5655
ANSWERED ON:16.05.2007
NATIONAL KNOWLEDGE COMMISSION
Tripathy Shri Braja Kishore

Will the Minister of PLANNING be pleased to state:

(a) whether the National Knowledge Commission has recommended for enactment of a legislation for extending ownership and patent right to the Universities and research institutions over their inventions;

(b) if so, the details thereof;

(c) the steps taken by the Government in this regard; and

(d) the extent to which such rights will allow inventors to receive a share of the royalty on their inventions.

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PLANNING (SHRI M.V.RAJASEKHARAN)

(a): Yes, Sir.

(b): As per the Annexure enclosed.

(c) and (d): the recommendations of the National Knowledge Commission for enactment of a legislation that creates a uniform legal framework for the government funded research and gives universities and research institutions ownership and patent rights, has been sent for examination to the concerned Ministries.

THE ANNEXURE REFERRED TO IN PART (b) OF THE LOK SABHA UNSTARRED QUESTION NO. 5655 ASKED BY SHRI BRAJA KISHORE TRIPATHY REGARDING NATIONAL KNOWLEDGE COMMISSION TO BE

ANSWERED ON 16.5.2007. - Extracts from the D.O. letter of Chairman, National Knowledge Commission to the Prime Minister dated 16th January, 2007 for enactment of a legislation that creates a uniform legal framework for the government funded research and gives universities and research institutions ownership and patent rights.

The National Knowledge Commission while deliberating on issues related to the creation and application of knowledge recognizes the need to provide impetus to government funded research and to translate this knowledge into relevant and useful applications to benefit the widest cross-section of people. Our consultation with diverse stakeholders has revealed that there is a need to provide incentives to increase innovations, collaborations, licensing and commercialization.

It is therefore recommended to enact legislation that creates a uniform legal framework for the government funded research and gives universities and research institutions ownership and patent rights. This will create an enabling environment for them to commercialize such inventions through licensing arrangements where inventors would also be allowed to receive a share of the royalty. Conferring ownership rights on universities and linking such ownership with the patent system and the market, will make research more attractive and in the process bring about a radical change in the research landscape in India. The proposed enactment could also incorporate important safeguards for exceptional circumstances where the government could be given `march in rights` to protect the public good.

Uniformity of policy for inventions generated out of government-funded research will provide incentives to various stakeholders as follows:

@ GOVERNMENT: The government could retain the right to a non-exclusive, nontransferable,irrevocable paid up license to practice the invention throughout the world. It could also have the responsibility and power to monitor the implementation of the act by a provision that requires concerned parties to report to the government on an annual basis on matters pertaining to utilization of the invention. Since the patent applications would be filed and owned by the relevant institutions, the government would be spared from bearing the costs of filing applications. The government could also be given the right to own the invention where the party decides not to retain title or fails to file the requisite patent application. Finally, `march in rights` accorded to the government in certain situations involving the public good as well as exceptions for circumstances involving, inter alia, national security and defence imperatives would help assuage fears on the same.

@ UNIVERSITIES/R&D: For universities and research institutions, revenue generating incentives lie in ownership and control over the fruits of research generated out of government funds. This should encourage filing patents in their own name and entering into

commercialization processes with industry. Further, the inventor, through profit sharing of royalties from licenses, would also get rewarded accordingly. The proposed enactment could also provide that the balance of any royalties or income earned after payment of expenses, be ploughed back for scientific research and education.

@ INDUSTRY: A higher degree of industry participation in university research will result due to clear legal title, a uniform legal regime for all government funded research, commercial gain through collaborative arrangements, opportunities to obtain exclusive licenses and new businesses opportunities for the new inventions.

@ PEOPLE: Finally, the taxpayer, whose resources are used in government funding of research, will also get the benefit of inventions, in the form of products and services once they are commercialized and made available in the market.

Issues that need special attention in drafting the proposed legislation are:

@ Calculating exact ratios in which revenues will be divided and the percentage made available to various stakeholders including the actual inventor

@ Understanding national security implications where they arise and carving out exceptions in such situations

@ Identifying specific guidelines, rules and existing provisions of laws that need to be overridden to bring a uniform legislation in place for inventions arising out of government funded research

@ Establishing the precise nature of various licensing arrangements as well as conditions governing the grant of exclusive licenses where applicable

@ Clarifying situations requiring the invocation of `march in rights` for government intervention and clarification of exceptional situations to the general right of ownership

@ Determining whether plant varieties come under the scope of `inventions` in light of India`s own patent and plant varieties, legislation and analyzing the relationships between the proposed act and India`s own patent and plant varieties acts

There are precedents for such legislation such as the American enactment entitled the Patent and Trademark Law Amendments Act, enacted in 1980 and commonly known as the Bayh-Dole Act. It is perhaps significant to note that in the United States, before the Bayh-Dole Act was enacted, the country`s federal agencies owned about 28,000 patents, out of which only 5% were licensed to industry to develop commercial products. Subsequent to the enactment of the said act, there has been a massive rise in the number of patents filed by and granted to universities, the number of universities involved in patenting and licensing of inventions and in the number of new companies that have been set up on the basis of new inventions licensed by universities. There have also been innovative breakthroughs in the form of inventions, technologies and processes, arising from university research. Economic activity of a scale running into billions of dollars has been generated, further creating new jobs in the economy.

In our view, introduction of legislation generally along the lines of the Bayh-Dole Act, while keeping in mind India`s specific interests, is necessary to help scientific research develop far reaching innovations, generate employment and function as a vehicle of significant economic growth. We are aware that the process of drafting such legislation is already underway. We urge that this be done expeditiously and look forward to being consulted in the process.